

NATIONAL SECURITY COUNCIL

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ACTION

January 29, 1971

MEMORANDUM FOR GENERAL HAIG

FROM: K. Wayne Smith

SUBJECT: Talker for Your Conversation with Ambassador Sullivan

Introduction

We have two problems outstanding with Ambassador Sullivan:

-- He has stopped the work of the NSSM-99 Political Analysis panel.

-- He has held up for over a week a cable (Tab D) on economic analysis on Vietnam.

Your talking points at Tab A make concessions on the first point in exchange for specific pledges from Sullivan. On the second point, Sullivan cannot be allowed to halt the NSSM-99 work or else we will be back to square one with the Enke problem.

Background

Political Analysis Problem - At the January 15, 1970 SRG meeting, HAK asked State to develop political issues in the context of NSSM-99. At Tab B are the relevant minutes.

We issued an outline for future NSSM-99 work. Sullivan wants to delete the portions of this outline that are marked at Tab C, contending that they are being considered at high levels, elsewhere, etc.

Meanwhile we understand from General Kharhos (ISA) that Laird-Rogers are engaged in talks on a possible political initiative for Indo-China. Sansom asked Kharhos if HAK was informed of this. Kharhos wasn't sure but thought HAK was aware of the discussions but not the details.

NSS, DOS Reviews Completed.

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My view on Sullivan's position is:

-- I strongly believe an issues paper on the political issues underlying a political strategy should be prepared.

-- I don't care if the NSSM-99 group prepares it. Moreover as the last SRG meeting showed, State's political work for NSSM-99 has been very poor. Sullivan has probably played a role in sabotaging this effort as he has all VSSG work that hasn't been stuffed down his throat by HAK (viz ceasefire).

-- If Sullivan does do the work, you need to get a firm commitment that it will be done and reviewed here before it goes into final form. We don't need another worthless State paper on Vietnam negotiation issues.

-- The NSSM-99 State panel must do the work on political issues associated with the military strategies. Ceasefires, partition, fixed withdrawal date, coalition government and electoral concessions all go to Sullivan, but the questions of Thailand (SEATO, etc), China, and the viability of Laos and Cambodia must be treated in conjunction with the NSSM-99 military strategies.

Smyser's view (as I understand it) is that we don't need a paper. You may want to discuss his viewpoint with him. I believe the issues must be discussed because:

-- We can't be satisfied with our position until we have thought through all the alternatives. Some argue that doing such a paper weakens HAK's hand because all the old and new proposals will be surfaced again. To the contrary, the NSC system is strengthened if it can cope with the diverse views in town and refute the usually small-minded arguments behind many of the far-fetched proposals. HAK's position and the President's have been strengthened in the cases where we have demanded a full analysis of the issues (viz NSSM-99 Cambodia strategy and Ceasefire).

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-- North Vietnam is not going to leave the political initiative with us. We played our card after the wet season and they will probably play one after the dry season offensive and before the 1971 Presidential elections in South Vietnam. We must be prepared to respond.

-- We can respond politically without rewarding North Vietnam's intransigence at Paris. The October 7 initiative showed this. In my opinion we gave more than we had to give to get the political benefits we sought (in going for in place instead of regroupment). But we did this for the sake of negotiability, not for political effect.

Economic Study

We have gone to great effort in recent months to devise an analytical plan on the Vietnamese economy that if carried out would vastly strengthen our ability to make intelligent decisions on aid levels, exchange rate policy, etc. for Vietnam. A crucial side-benefit would be that Enke would be denied his key argument that we are using only a gap (monetary) model to make decisions.

We had AID/PPC, the AID Vietnam Bureau, State 7th Floor, DOD (ISA and SA) and CIA on board on a cable to Saigon kicking off the study. Sansom had talked with Cooper and obtained his concurrence in principle.

Sullivan, about ten days ago stopped the cable. His argument is totally bureaucratic as far as we can tell. He contends there is a scarcity of resources in the Mission. Cooper has no such problem and he should know. But Sullivan held up the cable arguing that he wanted to discuss it with Bunker hoping, no doubt, to kill another VSSG project.

Sullivan needs to be informed that this study is important before Bunker arrives. The study, which will develop an economic model encompassing real output variables (production, exports, etc.) not included in the gap model we now use, would strengthen our analytical position on such issues as those cited above.

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Sullivan is operating on his own on this, although he got his ideas from the AID Vietnam Bureau which initially opposed the project until forced under by AID/PPC. The record is clear on the competence of the Vietnam Bureau -- their failures prompted the VSSG's involvement and Cooper's visit and appointment in the first place.

The 7th Floor can't handle Sullivan who uses his own lines to HAK.

That's the reason for your call. Your talking points are at Tab A.

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TALKING POINTS

I

Political Analysis

1. NSSM 99 study will not look into issues of ceasefires, electoral changes, coalition government, fixed withdrawal dates, etc., on assurances from you that a paper on these issues is being done separately, thoroughly and analytically and with the participation of a representative of the NSC staff.

2. The NSSM 99 study should, however, consider political issues associated with the military strategies including:

- the viability of Laos and Cambodia and political measures to strengthen each;

- a possible strengthening of regional ties;

- China;

- Thailand;

- SEATO/Rusk-Thant, Taskin, etc.

II

Economic Analysis

3. The completion of the economic analysis on Vietnam for NSSM 99 is an urgent requirement. It should have priority over

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other analytical activities except for the immediate needs of the Mission. This has already been discussed with Cooper who has agreed that it should and can be done.

4. The payoff from this study will be a much stronger analytical base for decisions on economic policy for Vietnam enabling us to:

- determine long-term levels of assistance,
- define an economic growth path for Vietnam,
- cope intelligently and decisively with Enke-like arguments that play on our acknowledged use of a weak analytical tool (i. e., the gap model) by providing us with a more sophisticated model encompassing real output variables.

5. If additional resources are necessary to do the study, they should be provided. The study is a major effort, important, and should be completed as soon as possible.

6. Please clear the draft cable to Saigon on the economic analysis so the necessary work will get done.

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